ASPECTS OF BRITAIN

# Survey of Current Affairs

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The items covered in this month's *Survey of Current Affairs* date from prior to the announcement of the general election and state government policy as it was at that time.

**NOTE**

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

# Government and Administration

## General Election

**A general election is to be held in Britain on 9 April.**

The Prime Minister, Mr John Major, announced on 11 March that the British Parliament would be dissolved on 16 March and that polling in a general election would take place on 9 April.

The new Parliament will be summoned on 27 April to elect the Speaker and swear in members. The State Opening will be on 6 May, when the new Government's programme will be announced in the Queen's Speech.

### State of the Parties

The state of the parties at the time of the announcement on 11 March was as follows:

| | |
|---|---|
| Conservative | 367 |
| Labour | 227 |
| Liberal Democrat | 22 |
| Social Democrats | 3 |
| Independent Labour | 1 |
| Socialist Labour | 1 |
| Scottish National | 5 |
| Plaid Cymru (Welsh Nationalist) | 3 |
| Ulster Unionist (Northern Ireland) | 9 |
| Democratic Unionist (Northern Ireland) | 3 |
| Social Democratic and Labour (Northern Ireland) | 3 |
| Ulster Popular Unionist (Northern Ireland) | 1 |
| Sinn Fein (Northern Ireland) | 1 |
| TOTAL | 646 |

The four remaining seats are held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means), who do not vote except in their official capacity in the event of a tie. The government majority over all other parties is 88 although the Sinn Fein MP has not taken his seat.

## Magistrates' Courts

**The Government's plans for the future of the magistrates' courts service are outlined in a White Paper published on 26 February, the key principles of which are improved service to the public and value for money.**

### Background

Magistrates' courts deal with the great majority of criminal proceedings, and also decide whether a person charged with an indictable offence (the most serious crimes) should be committed to the higher Crown Court, where verdicts are decided by a jury. Their non-criminal jurisdiction covers domestic work, such as matrimonial cases and adoption proceedings, and includes the issue of licences relating to liquor, betting and gaming. In addition, their jurisdiction covers the recovery of civil debt.

There are 28,000 lay magistrates in England and Wales. Each bench usually consists of three lay magistrates who are advised on law, practice and procedure by a justices' clerk. The few full-time, legally qualified

stipendiary magistrates may sit alone and usually preside in courts in urban areas where the workload is heavy.

The justices' clerk, who must be a qualified lawyer, is appointed by the magistrates' courts committee. In addition to advising the bench on law and procedure, the post encompasses all aspects of the day-to-day management of courts and court offices. The clerkship is the basic administrative unit of the service.

Local magistrates' courts committees are elected by magistrates in the area. They are responsible for:

– the appointment of justices' clerks and other staff;

– deciding on the resources (buildings, staff and equipment) which local government authorities should be required to provide; and

– keeping the boundaries of catchment areas for court business under review.

Magistrates' courts receive 80 per cent of their funding from central government.

## WHITE PAPER

The Government believes that the arrangements for the management of magistrates' courts should continue to be locally based, but that there is a need to modernise the management structure to improve performance and accountability (see pp 1-2). Published by the Lord Chancellor, Lord Mackay, and the Home Secretary, Mr Kenneth Baker, the White Paper[1] outlines the proposed changes relating to the organisation, administration and financing of the courts.

### Objectives of Change

The objectives of the reforms are to:

– apply the principles of the Citizen's Charter (see pp 293-300, 1991) to provide a better service to the community and to court users, by relating pay to performance and creating an independent inspectorate;

– secure better co-operation within the criminal and civil justice systems;

– promote more business-like court management; and

– provide greater accountability for the effective use of resources in giving an efficient service to court users.

The Government proposes bringing forward legislation on three key aspects of the service:

### Magistrates' Courts Committees

The White Paper proposes that:

– the present fragmentation of the courts service should be ended by reducing the number of areas with separate committees of magistrates from 105 to 50 or 60;

– committees should operate as local management boards with a maximum of 12 members supported by a corporate management team of senior staff;

– committee membership should be widened to enable the co-option of non-magistrates as members to take place;

– each committee should be required to prepare a strategic plan and to review regularly performance and use of resources; and

– committees should be allowed to seek tenders from the private and public sectors where this would result in greater value for money and more flexible support services.

### Justices' Clerks and Senior Management

The legislative requirement for the Home Secretary (from 1 April 1992, the Lord Chancellor – see p 1) to approve the appointment of justices' clerks does not at present involve any proper assessment of the personal merits of those concerned. The White Paper suggests that an effective screening process should be introduced to ensure that those entrusted with the professional management of the service under the direction of the courts committees have the necessary skills and qualities.

To complement the changes to courts committees and to provide clear lines of accountability throughout the service, the Government considers that structural changes are required in the professional management of area services. The White Paper proposes that in each committee's area there should be a single head of all the committee's paid staff, who would be the principal legal adviser to magistrates and head of the management team.

[1] *A Framework for Local Justice.* Cm 1829. HMSO, £3·55. ISBN 0 10 118292 9.

In addition, the Government intends to issue guidance to committees on the introduction of fixed-term contracts of employment, incorporating performance standards, for senior staff in the service.

**Magistrates' Courts Inspectorate**

The Government's view is that the Lord Chancellor should have enhanced powers to ensure that administration and management of the courts service provides the necessary standards of performance and good value for money. The White Paper proposes:

– the setting up of an independent inspectorate, with a lay element, to advise and assist the Lord Chancellor in raising performance standards within the service; and

– an extension of the remit of the Audit Commission[1] to include the magistrates' courts service, providing an additional and independent source of review and advice.

# Northern Ireland

**New political talks between the four constitutional parties in Northern Ireland began on 9 March. The Government's view was set out during a House of Commons debate on 5 March.**

**Background**

On 28 February, following an initiative by the Prime Minister, Mr John Major (see pp 29-30), representatives of the Ulster Unionist Party, the Democratic Unionist Party, the Social Democratic and Labour Party and the Alliance Party agreed to take part in further political talks. Party representatives met at Stormont near Belfast on 9 March. The meeting was chaired by the Secretary of State for Northern Ireland, Mr Peter Brooke, supported by the Minister of State, Dr Brian Mawhinney.

[1] The Audit Commission was set up in 1983 with responsibility for the external audit of the accounts of local government authorities. It is an independent body, whose members are appointed by the Government after consultation with local authority organisations and professional accountancy bodies.

An agreed statement issued after the meeting said that all the participants warmly welcomed the start of the new talks and looked forward to frank and constructive exchanges in the months ahead. They emphasised their determination to work together within the framework set out by the Government in March 1991 (see pp 135-6, 1991). The parties confirmed that the talks would continue up to the point when a British general election (see p 55) was called and that they would then resume after a post-election meeting of the Anglo-Irish Intergovernmental Conference.

In order to ensure swift and effective progress, a business committee has been established to plan for the efficient conduct of business at future meetings. The committee comprises representatives of each delegation and is chaired by the Minister of State.

## PARLIAMENTARY DEBATE

**Government View**

Opening the debate (*Hansard*, Vol 205, No 76, cols 496-534), Mr Brooke said that there was a need to address the constitutional, economic and social grievances which perpetuated divisions and allowed room for terrorism. Noting that locally accountable and democratic institutions of government were almost totally absent in the province, Mr Brooke said: 'The Government's objective is to seek to transfer greater political power and responsibility to locally elected representatives in Northern Ireland on a widely acceptable basis. If there is to be genuine reconciliation, different shades of constitutional political opinion must be accommodated in the political process.'

The Government had also taken the view that any political accommodation could not be stable or durable if it only addressed internal arrangements for the government of Northern Ireland. This was why Britain and the parties concerned, including the Irish Government, had sought to establish a basis for talks which would address relations within Northern Ireland, relationships among the people of the island of Ireland and relationships between the two governments.

This formula, continued Mr Brooke, provided a sound basis for tackling the issues: 'It ensures that all the relevant relationships are

taken into account; that any party can raise any matter which it considers relevant, including constitutional issues; that nothing can be agreed in any one strand until there is agreement on all three strands as a whole; that there can be no change in the constitutional status of Northern Ireland as a part of the United Kingdom without the consent of a majority of its people; and that a new and more broadly based agreement or structure could emerge from the negotiations.'

**Opposition Views**

Speaking for the official Opposition, Mr Kevin McNamara said that it had supported the Government in its attempts to obtain political arrangements that would command the consent and respect of the vast majority of people in Northern Ireland. The present opportunity to negotiate an acceptable settlement should not be cast aside.

Mr McNamara said that the Labour Party had made it clear that, if the talks were continuing when the general election was called, a Labour Government would reconvene them on the same basis, would honour any agreements made before the election between the parties and the existing governments and would expect the other participants to do the same. Although the Opposition believed that the long-term future of Northern Ireland lay in unity with the rest of the island, it recognised that any change in Northern Ireland's constitutional status could only occur with the consent of a majority of people there.

**Views of Northern Ireland Parties**

Speaking for the Official Unionists, Mr James Molyneaux said that his party was keen to make all possible progress in the talks. Inter-party tensions were lower and cross-party co-operation better than at any time in the past 20 years. However, this did not mean that fundamental differences could disappear overnight. Mr Molyneaux added that the British and Irish governments should begin preparatory work as soon as possible after the general election to replace and transcend the present Anglo-Irish Agreement.

The Democratic Unionist leader, the Revd. Ian Paisley, said that the talks were about getting a settlement in Northern Ireland and, when this had been achieved, about getting the relationship right between new structures in Northern Ireland and the Irish Republic, which were now based on the Anglo-Irish Agreement. Unionists were at the talks because the Government had undertaken to consider an alternative to, and a replacement of, the Agreement.

Speaking for the Social Democratic and Labour Party (SDLP), Mr John Hume said that the Northern Ireland parties had to be prepared to re-examine their basic attitudes to the problems facing the province. Nothing would work until the relationship between the Unionist people and the rest of the people in the island of Ireland had been sorted out to the satisfaction of both. This was why the SDLP was proposing that, before any talks could take place with the Irish Government on how to live together on the island, an agreement should be reached on a referendum in both parts of Ireland to endorse any future agreement arising from negotiations.

**Government Reply**

Winding up the debate for the Government, Dr Mawhinney said that the talks had to be 'characterised by a willingness on the part of everyone involved to explain what they mean, what they stand for and what they aspire to, and by a willingness to listen to what others mean, aspire to and want to see achieved. There should also be a willingness to accommodate the views of others, to make hard choices and to balance the short term against the long term and against the ultimate safeguard that nothing is agreed until everything is agreed.'

# Shorter Notes

## OFFENDING ON BAIL

Offenders who are convicted of an offence while on bail can expect more severe penalties under new measures announced on 25 February by the Home Secretary, Mr Kenneth Baker.

The announcement follows research which shows that the most likely people to offend while on bail are aged between 17 and 20, on charges of theft of or from a vehicle or burglary.

Government action envisages:

– the introduction of legislation requiring courts to consider offending on bail as an aggravating factor when passing sentence;

– the setting up of new bail projects in selected local areas, in which the courts, police, Crown Prosecution Service and probation service will work together to ensure that those who are likely to offend are not given bail;

– the provision of better access, through a new computerised criminal record system, to information about a defendant's record, including whether or not previous offences were committed on bail;

– a review of the training of magistrates in the criteria of the Bail Act 1976;[1]

– the provision of some £8 million over three years for bail accommodation and support, including the development of projects working with defendants in the community, to reduce the risk of offending on bail;

– the provision of an additional 800 bail places at approved hostels by April 1995;

– the introduction, in due course, of a new power of arrest for breach of police bail; and

– the setting up of a new monitoring system to ensure systematic and regular monitoring of offending on bail, as part of the normal crime statistics.

[1]The Bail Act 1976 establishes a general entitlement to bail, subject to certain exceptions. A magistrates' court or the Crown Court is required to consider the question of bail each time the accused appears before it or applies for bail. The court can refuse bail to a defendant if there is reason to believe that he or she will offend on bail. The Criminal Justice Act 1988 introduced the provision that, if bail was to be granted against police advice to people charged with very serious offences, the court had to state its reasons publicly.

Mr Baker said: 'What this package does is to target the significant minority of young men who break the trust of society and continue their criminal activities while on bail.'

Source: Home Office news release, 25.2.92.

## POLICE SERVICE

Her Majesty's Chief Inspector of Constabulary[1] published a memorandum on 13 February on the future of policing. It urges forces to streamline management structures and give more responsibility to local police commanders.

The memorandum considers that it is no longer appropriate that forces, other than the largest Metropolitan forces, should have two tiers of operational command. It recommends:

– the removal of unnecessary supervisory posts;

– the setting of local standards of police performance;

– the implementation of a system of measurement of those standards, which is generally published;

– proper consultation with the local community, reinforced by regular surveys of public response to policing; and

– a clear policy on policing styles which reflects community demand.

The memorandum also suggests the setting up of a performance review team to provide monitoring both for local commanders and senior force management.

Source: Home Office news release, 13.2.92.

[1]Her Majesty's Inspectors of Constabulary are charged with examining and improving the efficiency and standards of the police service in England and Wales. The Chief Inspector is supported by six regional inspectors, who are each responsible for a number of forces.

# External Affairs and Defence

## European Economic Area

**The amended agreement between member states of the European Community and the European Free Trade Association on the creation of a European Economic Area has received all-party support in the House of Commons.**

In October 1991 member states of the European Community (EC) and the European Free Trade Association (EFTA) reached a political agreement on the creation of a European Economic Area (EEA – see pp 406-7, 1991). Subsequently, the European Court of Justice identified inconsistencies between the agreement and the Treaty of Rome. This necessitated some renegotiation and amendment of the draft, which was concluded in mid-February. A revised text has now been referred back to the European Court of Justice for a second opinion. The intention remains that the EEA should enter into force on 1 January 1993.

### Government Statement

In a debate in the House of Commons (*Hansard*, Vol 204, No 63, cols 41-77) on 17 February, Mr Tim Sainsbury, Minister of State at the Department of Trade and Industry, expressed the Government's support for the agreement and explained its provisions.

Mr Sainsbury described the creation of the EEA as the 'most ambitious and wide-ranging agreement entered into by the Community', creating a single market of 19 Western European states 'stretching from the Arctic to the Mediterranean'. He hoped that the agreement would be ratified by national parliaments before the end of 1992.

*Free Movement of Goods*

Mr Sainsbury said that when Britain had left EFTA to join the Community in 1973, the EC had established free trade agreements with the remaining EFTA members, providing for tariff-free trade in industrial goods and processed agricultural products.

The EEA would improve free movement of goods in a number of important respects. The adoption of common technical regulations, for purposes such as health and the environment, would eliminate a significant barrier to trade. Manufacturers would have to follow only one set of regulations instead of a possible eight sets at present. EFTA countries would adapt to follow the methods used in Community measures.

Mr Sainsbury said that the agreement would also eliminate other non-tariff barriers to trade by:

– prohibiting discriminatory taxation on goods;

– applying, within EFTA, rules on open public procurement, based on Community legislation; and

– adopting common rules on intellectual property.

He added that the streamlining of customs procedures would make the task of exporters simpler and cheaper. 'British companies will have greater export opportunities, and British consumers will benefit from lower prices and more choice.'

Emphasising the need to ensure fair competition, Mr Sainsbury said that EFTA countries would adopt competition and state aid rules based on those of the Community. These would include rules on restrictive practices and monopoly abuse, and regulations

on mergers. They would be enforced by the European Commission and a new independent EFTA surveillance authority.

*Free Movement of Services*

The agreement would eliminate restrictions on the freedom to provide services in the European Economic Area by nationals of the Community and EFTA who are established within the EEA. Such services included transport, telecommunications, audio-visual services and financial services. Mr Sainsbury said that this provision would create new opportunities for businesses in which Britain had traditionally been strong, such as financial services. The EEA would adopt rules based on Community legislation on insurance, banking and securities.

*Free Movement of Capital*

Mr Sainsbury noted that there was already comparatively free movement of capital between the Community and EFTA. The main advantage in enshrining the current practice in rules based on Community law would be that most restrictions by EFTA on inward investment would be lifted.

*Free Movement of People*

The agreement also provided for the free movement of people in accordance with the single market provisions. Mr Sainsbury explained that EC and EFTA nationals would have the right to work throughout the EEA. They would be able to set up and manage undertakings under the same conditions as local nationals and would be able to establish branches and subsidiaries. He added that there would be mutual recognition of professional qualifications throughout the EEA. Professionals such as lawyers, doctors and accountants would be able to practise in another country without the need to requalify.

*Other Provisions*

Mr Sainsbury said that under the agreement there would be increased co-operation between EC and EFTA countries in research and development, information services, education and training, small- and medium-sized enterprises, tourism and the audio-visual sector.

EFTA had also agreed to adopt measures, including the establishment of a fund, to assist the poorer regions of the Community. Northern Ireland would be among the regions that would benefit from the fund.

Although the EEA agreement did not extend the Community's common fisheries policy to EFTA, it provided for reductions of tariffs on fish and fish products and for increased access for British and other Community vessels to EFTA waters. Mr Sainsbury explained that tariff reductions would apply to a wide range of fish species on a progressive basis. The British fishing industry would benefit from greater access to Norwegian and Icelandic waters. The Government had successfully resisted demands by EFTA that tariff reductions should apply to three species – herring, mackerel and salmon – of particular importance to British producers.

EFTA countries would not participate in the Community's Common Agricultural Policy but there would be a number of tariff reductions on agricultural products. Mr Sainsbury said that some reductions would be reciprocal. Others would be unilateral reductions by the EFTA countries on products from the poorer regions of the Community.

*Institutional Structure*

Mr Sainsbury said that the main political body of the EEA would be the EEA council, consisting of ministers of the Community member states and the EFTA governments plus the European Commission. Under the EEA council there would be a joint committee consisting of officials of the Commission, member states and EFTA countries. The two main functions of the joint committee would be to adopt new EEA rules and to settle disputes.

New EEA rules, Mr Sainsbury said, would be based on new Community legislation. There would be informal consultation between the Community and EFTA during the preparations of Community measures. The aim would be to ensure that such measures were adopted in a form that made them acceptable to EFTA as EEA rules. However, the Community would retain the ultimate right to legislate as it saw fit.

The original intention of the Community and EFTA had been that an independent

joint court would deal with disputes between the two sides (see p 406, 1991). In view of objections from the European Court of Justice, it was agreed that the joint committee should perform that function. Mr Sainsbury explained that if a dispute concerned interpretation of an EEA rule, the two sides could agree to have the matter resolved by the Court of Justice.

Continuing, he said that EFTA would create two new independent bodies to ensure the 'good functioning' of the agreement by its member countries:

**1** an EFTA surveillance authority with enforcement functions and powers similar to those of the European Commission; and

**2** an EFTA court responsible for matters such as infringement proceedings brought by the surveillance authority and competition cases arising within the EFTA area.

*Conclusion*

Concluding, Mr Sainsbury said that the establishment of the EEA would create a market of 380 million consumers, responsible for almost half the world's trade. It would facilitate accession to the Community by the growing number of EFTA countries that wished to join. He added that 'it will ensure that trade within Western Europe is based upon the principles of an open market economy that we hope will extend one day throughout the whole of Europe'.

**Opposition View**

Speaking for the official Opposition, Ms Joyce Quin welcomed the progress made by the Community and EFTA towards the establishment of the European Economic Area. The two trading blocs were already closely linked and the agreement would promote further co-operation and trade between them.

Recognising that the agreement enhanced Europe's trading and economic power, Ms Quin cautioned that the Community and EFTA combined needed to ensure that their actions promoted world trade and did not foster European protectionism.

She said that the agreement should not be allowed to slow up the applications of EFTA countries which wanted to become full members of the Community. As they met the criteria for full membership, they had the right to submit their applications and have them dealt with quickly and sympathetically. That also applied, she added, to the countries of Eastern Europe which were currently seeking associate Community membership with a view to full membership at a later date.

Ms Quin welcomed the fact that Northern Ireland would benefit from cohesion funds to assist poorer Community regions, but added that other industrial regions of Britain which had experienced economic decline were also in need of support. She believed that Britain's eastern regions were in a geographically advantageous position to exploit the combined market of the Community and EFTA.

## Policy towards Yugoslavia

**British policy towards Yugoslavia was outlined by Mr Douglas Hogg, Minister of State at the Foreign & Commonwealth Office, during a speech in the House of Commons on 5 March. Earlier in February the United Nations Security Council agreed to send a peacekeeping force to Yugoslavia.**

**Background**

The establishment of a United Nations (UN) protection force in Yugoslavia was the outcome of a unanimous resolution (743) adopted by the UN Security Council on 21 February. The UN force – some 13,300 troops and over 1,000 police and civilians – will cost an estimated $634 million for the first 12 months. The headquarters of the UN force will be in Sarajevo.

The resolution followed a recommendation from the UN Secretary-General, Mr Boutros Boutros-Ghali, in a report on 15 February. The Secretary-General had said in the report that the UN force would succeed only if the Yugoslavian parties were committed to engage seriously in the negotiations in the conference on Yugoslavia established by the European Community (EC – see pp 13-14).

**Mr Hogg's Speech**

Referring to Yugoslavia during a House of Commons debate on a Foreign Affairs Committee report on Central and Eastern Europe (*Hansard*, Vol 205, No 76, cols 487-92),[1] Mr Hogg said that Britain, the European Community and the United Nations had a twin-track policy. The first element of this was to encourage the parties to participate in the EC negotiations under the chairmanship of Lord Carrington (see pp 337-8, 1991). The House believed that the conference was an important contribution to the solution of the Yugoslav crisis. The second track of that policy was support for the deployment of a peacekeeping force by the UN Security Council, which the British Government very much welcomed.

Regarding the British contribution to the force, Mr Hogg said that, as the United Nations had made it plain that it had no present need for infantry, Britain was therefore considering whether it could help by providing specialist support troops.

Mr Hogg said that the British Government had stressed on many occasions that the European Community in particular and the international community in general would not accept the forcible alteration of frontiers (see p 304, 1991). That fact had been impressed upon the minds of the presidents of Croatia and Serbia, and had had a very important impact on their thinking.

*Croatian Recognition*

On Britain's recognition of Croatia, Mr Hogg said that the Government had been cautious about this because Britain had believed that recognition would remove an element of pressure on the leadership of Croatia. However, by January, it was becoming plain that many EC states were determined to recognise the republic, and recognition was inevitable. 'It was right to do it at that time, and we would have gained nothing by withholding our own recognition', he concluded.

*Financial Sanctions*

On the amount of financial leverage that the European Community might have had over Croatia, Serbia and the other republics, Mr Hogg pointed out that the Community had suspended trade advantages with Yugoslavia and had then reinstated them in so far as they related to republics co-operating with the United Nations and the Community. There should be swifter progress towards agreements with Slovenia than, for example, with Croatia unless the latter responded quickly to requirements in the draft treaty (see p 338, 1991) regarding autonomy for the Serbian regions within Croatia. The rights of the Serbian minority in Croatia were of critical importance, Mr Hogg stressed.

*Bosnia-Hercegovina and Macedonia*

Mr Hogg said that, if Bosnia-Hercegovina was recognised, there would be the substantial risk that the minority Serbian population in Bosnia would fight. 'On the other hand, if we do not recognise Bosnia we will . . . neglect the fact that we encouraged them to hold a referendum[1] to determine their view, and what would be the view of the Croats and the Muslims who clearly want independence and have so declared that wish by a substantial majority?' From this, Mr Hogg concluded, it would be extraordinarily difficult to withhold recognition of Bosnia for an extended period, and the same would apply to Macedonia.

[1] *Central and Eastern Europe: Problems of the Post-Communist Era.* First Report from the House of Commons Foreign Affairs Committee, Session 1991-92. Vol I: Report, together with the Proceedings of the Committee. HMSO, £13-25. ISBN 0 10 279692 0. Vol II: Minutes of Evidence and Appendices. HMSO, £27-30. ISBN 0 10 279792 7.

[1] In a referendum in Bosnia-Hercegovina on 1 March, more than 99 per cent of those who took part (63 per cent of the electorate) voted in favour of an independent and autonomous republic.

# Economic and Scientific Affairs

## The Budget

**In the Budget presented on 10 March the Chancellor of the Exchequer, Mr Norman Lamont, reaffirmed the Government's commitment to a low-tax, low-inflation economy. Economic growth, he said, could be expected to resume in 1992. Proposals announced in the Budget are designed to benefit all taxpayers as well as poorer pensioners. There were also measures to assist businesses generally and the car industry in particular.**

The main Budget proposals are outlined below, followed by a summary of the Chancellor's statement. Tables are taken from the *Financial Statement and Budget Report 1992-93*,[1] published on Budget day. Most of the Budget measures will be implemented under the Finance Act 1922 or Treasury Orders made by 13 March.

### MAIN PROPOSALS

#### Taxation

*Income Tax*

A new lower rate of income tax of 20 per cent on the first £2,000 of taxable income. No change in the 25 per cent basic rate or 40 per cent higher rate and the basic rate limit remains at its 1991-92 level of £23,700. Personal and age-related allowances increased by 4·5 per cent in line with inflation.

| **Allowances** | **1991-92** | **1992-93** |
|---|---|---|
| Personal | £3,295 | £3,445 |
| Married couple | £1,720 | £1,720 |
| Aged 65-74: | | |
| personal | £4,020 | £4,200 |
| married couple | £2,355 | £2,465 |
| Aged 75 and over: | | |
| personal | £4,180 | £4,370 |
| married couple | £2,395 | £2,505 |
| Age-related income limit | £13,500 | £14,200 |

From April 1993 married couples will be able to choose who should receive the married couples allowance or decide to receive half each. Wives will be entitled to claim half of the allowance.

*Pensioners*

From October, single pensioners on income support will receive an extra £2 a week, and married couples on income support an extra £3 a week. Weekly income support rates for eligible pensioners will be:

| | |
|---|---|
| Aged 60-74 | |
| single pensioner | £59·15 |
| married couple | £91·95 |
| Aged 75-79 | |
| single pensioner | £61·10 |
| married couple | £94·60 |
| Aged 80 and over | £65·20 |
| Disabled pensioners | £99·15 |

*Business Taxes*

A range of measures to be implemented to help business, on top of the cut to 33 per cent in the main rate of corporation tax announced in the last Budget.

Introduction of a package of measures worth £480 million in 1992-93 and £590 million in 1993-94 for non-domestic ratepayers. In 1992-93 no business in England and Wales to face an increase above the rate of inflation in its business rates. Transitional arrangements for premises gaining from the introduction of non-domestic rates to be improved. Businesses in Scotland and Northern Ireland to benefit under their different rates systems.

[1] *Financial Statement and Budget Report 1992-93*. HM Treasury. HMSO, £9·65. ISBN 0 10 231992 8.

Table 1

**Public Sector Borrowing Requirement**

*£'000 million*

| | Estimated outturn 1991-92 | Plans 1992-93 | 1993-94 | 1994-95 | 1995-96 |
|---|---|---|---|---|---|
| Public expenditure planning total | 205 | 227 | 245 | 258 | 270 |
| Self-financed expenditure of local authorities | 11 | 9·5 | 10 | 10 | 10 |
| Central government debt interest | 16·5 | 17·5 | 19·5 | 21 | 22·5 |
| Accounting adjustments | 4 | 4·5 | 5·5 | 6 | 6·5 |
| *General government expenditure* | *236* | *258* | *280* | *295* | *309* |
| Taxes on income, expenditure and capital | 175 | 181 | 195 | 214 | 232 |
| Social security contributions | 37 | 39 | 42 | 46 | 49 |
| Interest and dividends | 6 | 6 | 6 | 6 | 5 |
| Other receipts | 4 | 4 | 4 | 4 | 4 |
| *General government receipts* | *222* | *230* | *247* | *270* | *290* |
| Annual fiscal adjustment* | – | – | 0 | 0 | 1 |
| *General government borrowing requirement* | *14* | *29* | *32* | *25* | *19* |
| Market and overseas borrowing of public corporations | –1 | –1 | –1 | –1 | –1 |
| *Public sector borrowing requirement* | *14* | *28* | *32* | *25* | *19* |
| As percentage of gross domestic product | 2·25 | 4·5 | 4·75 | 3·5 | 2·5 |

* Implies lower taxes or higher expenditure than assumed in totals for general government expenditure and receipts.
*Note:* Differences between totals and the sums of their component parts are due to rounding.

Most business assets to gain exemption from inheritance tax, so that most family businesses can be passed on without a tax charge.

Reduced penalties – from 20 to 15 per cent – for misdeclaration of value added tax (VAT). Largest businesses to be allowed to pay VAT monthly on account instead of submitting monthly returns.

Measures to be implemented to make the Business Expansion Scheme (BES – which aims to improve the flow of equity finance to small firms by offering tax incentives to investors) easier to use for mortgage rescue schemes. The BES will finish at the end of 1993.

Government contractors to be required to pay bills to suppliers promptly.

*Cars*

A package of measures to reduce discrimination in the tax system against cars. Halving of car tax from 10 to 5 per cent. The capital allowance limit on business cars raised from £8,000 to £12,000 so that 80 per cent of business cars will be treated like any other business asset. From August, driving schools and taxi and self-drive car hire firms to be able to recover VAT when they buy cars. Income tax scale charges for private use of business cars and on petrol for private use increased by 4·5 per cent.

*Excise Duties*

Duties on alcohol raised in line with inflation, putting 1p on the price of a typical pint of beer, about 5p on a bottle of wine, and 28p on a bottle of scotch whisky.

Duty on unleaded petrol and diesel raised by 4·5 per cent, adding 1·2p to the price of a litre of unleaded petrol. Duty on leaded petrol raised by 7·5 per cent, adding 2·3p to the price of a litre of leaded petrol.

Duty on cigarettes and most other tobacco increased by about 10 per cent, increasing the

Table 2
**Public Sector Finances**

*£'000 million*

| | 1991-92 forecast in 1991 Budget | 1991-92 latest estimate | 1992-93 forecast |
|---|---|---|---|
| **Receipts** | | | |
| *Inland Revenue* | | | |
| Income tax | 59·6 | 58·0 | 59·6 |
| Corporation tax* | 19·5 | 18·4 | 16·8 |
| Petroleum revenue tax | 0·0 | –0·2 | 0·1 |
| Capital gains tax | 1·4 | 1·2 | 1·1 |
| Inheritance tax | 1·3 | 1·3 | 1·3 |
| Stamp duties | 2·1 | 1·7 | 1·5 |
| *Total Inland Revenue* | *83·9* | *80·4* | *80·4* |
| *Customs and Excise* | | | |
| Value added tax | 35·7 | 35·5 | 40·0 |
| Oil, tobacco and alcohol | 22·2 | 22·0 | 23·7 |
| Betting and gaming | 1·1 | 1·1 | 1·1 |
| Car tax | 1·3 | 1·2 | 0·7 |
| Customs duties | 1·7 | 1·8 | 1·9 |
| Agricultural levies | 0·2 | 0·2 | 0·0 |
| *Total Customs and Excise* | *62·2* | *61·8* | *67·4* |
| Vehicle excise duties | 3·0 | 3·0 | 3·2 |
| Oil royalties | 0·5 | 0·5 | 0·5 |
| Local authority and national non-domestic rates | 14·4 | 14·4 | 14·1 |
| Other taxes and royalties | 3·8 | 3·9 | 4·1 |
| *Total taxes and royalties* | *167·6* | *164·0* | *169·8* |
| Social security | 36·7 | 36·3 | 38·7 |
| Community charge | 7·6 | 7·1 | 8·0 |
| Interest and dividends | 6·1 | 6·1 | 5·5 |
| Gross trading surpluses and rent | 3·3 | 3·8 | 3·7 |
| Other receipts | 5·1 | 4·8 | 4·0 |
| **General government receipts** | **226·5** | **222·1** | **229·8** |
| **Expenditure** | | | |
| Central government's own expenditure | 152·2 | 156·6 | 168·7 |
| Central government support for local authorities | 52·5 | 53·3 | 58·5 |
| Financing requirements of nationalised industries | 2·3 | 2·6 | 3·4 |
| Privatisation proceeds | –5·5 | –7·9 | –8·0 |
| Reserve | 3·5 | – | 4·0 |
| **Public expenditure planning total** | **205·0** | **204·7** | **226·6** |
| Self-financed expenditure of local authorities | 9·1 | 11·1 | 9·5 |
| Central government debt interest | 16·7 | 16·5 | 17·6 |
| Accounting adjustments | 3·9 | 4·2 | 4·7 |
| **General government expenditure** | **234·8** | **236·5** | **258·5** |

* Including advance corporation tax (net of repayments).
*Note:* Differences between totals and the sums of their component parts are due to rounding.

price of 20 cigarettes by 13p. The duty on pipe tobacco raised by 4·5 per cent, in line with inflation.

Vehicle excise duty on cars raised by £10 to £110, but duty on lorries, small vans, buses and coaches unchanged. Betting duty cut from 8 to 7·75 per cent, and as a result the Horserace Betting Levy is to rise.

*Measures to Encourage Saving*

Annual limit up to which individuals can invest in qualifying unit or investment trusts in a general Personal Equity Plan raised from £3,000 to £6,000. The threshold for inheritance tax to be raised by slightly more than inflation from £140,000 to £150,000.

*Capital Gains Tax*

Annual exempt amount for capital gains tax raised from £5,500 to £5,800 in line with inflation.

*Charities*

Reduction from £600 to £400 in the minimum level at which single charitable donations qualify for tax relief under the Gift Aid scheme (see p 135, 1990).

## CHANCELLOR'S STATEMENT

Introducing his Budget in the House of Commons (*Hansard*, Vol 205, No 79, cols 745-61), the Chancellor began by outlining his proposal for reform of the Budget procedure. A White Paper[1] had been published outlining the mechanics of the change. Tax and expenditure decisions would be brought together and announced at the same time in a Budget to take place in December each year. This would lead to better decision-taking and clear presentation. At present the Chancellor announces the Government's spending plans for the coming year in the Autumn Statement, and in March sets out its revenue measures in the Budget. A budget should be 'a schedule showing where the money is coming from, and where it is going to'. Hence 1993 would see the last spring Budget and there would subsequently be an annual Budget each December starting in December 1993, covering both taxation and public expenditure.

[1] *Budgetary Reform*. Cm 1867. HMSO, £2·40. ISBN 0 10 118672 X.

### Economic Situation and Prospects

*World Economy*

The year 1991 had seen the weakest growth in the world's seven major economies (G7) in a decade, the Chancellor said, with industrial production in the G7 countries actually falling. There had been a sharp slowdown in the growth of world trade, which had been exacerbated by events in the former Soviet Union. An expected recovery in the United States in the second half of 1991 had not fully materialised, despite low interest rates. High levels of debt had made firms and households cautious about spending, while banks had been reluctant to increase their lending. Japan had experienced similar problems – its growth had slowed sharply and its industrial production had fallen by 4 per cent in the year to January 1992. These developments had been accompanied by lower inflation in nearly all the major economies.

Following the reunification of Germany, an over-rapid expansion of domestic demand had led to a rise in German inflation. The German authorities had responded by increasing interest rates and Germany had moved into recession. Consequently, other European economies had experienced high real interest rates and weak domestic demand.

Falling inflation and cuts in interest rates in North America and Japan would in time lead to a growth in confidence and demand, the Chancellor believed. As the level of German inflation fell, he expected to see reductions in European interest rates. In 1992 gross domestic product (GDP) in the seven major economies was projected to grow by about 1·5 per cent, and world trade by around 4 per cent. More rapid growth could be expected in later years as the recovery gained momentum.

Mr Lamont warned that nothing could be more damaging to the world economy than a relapse into protectionism, as had happened in the 1930s. The crucial challenge for governments was 'not merely to preserve the current world trading order, but to extend it'. Narrow sectional interests should not be allowed to prevent current General Agreement

on Tariffs and Trade negotiations (see p 31) being rapidly and successfully concluded, as the prosperity of the world depended on the freedom to trade.

*Britain's Economy: Recent Developments*

The Chancellor highlighted the sharp and sustained fall in inflation as the most significant development in the British economy over the last year. Retail price inflation had fallen to around 4 per cent and underlying producer price inflation was at its lowest level for a generation. Average earnings were rising at the lowest rate for 25 years, suggesting that the labour market was operating more effectively than before, following a decade of supply-side reform. This was a good sign for employment prospects in the longer term.

As elsewhere in the world, activity and demand in Britain had been weak. During the late 1980s companies and households had borrowed and spent extensively, and a period of adjustment, during which spending had been curtailed and debt repaid, had been inevitable.

Developments elsewhere in the world, especially in the United States, went beyond causing adverse consequences for British exports. British firms had factories and offices abroad, and Britain had a higher level of investment in the United States than any other country did. Business confidence in Britain could be affected by conditions in other countries, so unexpected weakness in the rest of the world had taken its toll on confidence in Britain, discouraging investment and stockbuilding. Signs in the late summer and early autumn of 1991 of renewed growth had not led to a sustained recovery. Over the year as a whole, GDP had fallen by nearly 2·5 per cent, 0·5 per cent more than the Chancellor's forecast of a year earlier.

*British Economy: Outlook for 1992 and 1993*

Most independent forecasters, Mr Lamont continued, agreed that 1992 would see the resumption of economic growth. He expected GDP to rise by nearly 2 per cent in the year to the second half of 1992, and by 3 per cent for 1992 as a whole. As inflation had dropped, so too had interest rates in Britain, so that a typical family with a £30,000 mortgage was more than 15 per cent better off in real terms (nearly £30 a week) than in October 1990. This would in time result in increased consumer spending.

Output would be further boosted by stronger export growth as the world economy recovered. Britain's share of world trade in manufactures had risen in 1991 for the third successive year despite the world slowdown. Further gains could be expected as lower inflation improved competitiveness. As domestic demand recovered, the current account deficit would be likely to widen, but, at 1 per cent of GDP for 1992, it would be easy to finance.

Even with a resumption of growth, unemployment would probably go on rising for some time. A sustained reduction in unemployment would depend on whether inflation could be kept down. The prospects for this were better than at any time in recent history. The Chancellor expected retail price inflation to fall below 4 per cent by the end of 1992 and to be close to 3 per cent by mid-1993. Producer price inflation would fall to 2 per cent by the end of 1992 and to 1·5 per cent by mid-1993.

*British Economy: Long-term Prospect*

Britain was making steady progress towards price stability – 'an environment in which the decisions of businesses and consumers are no longer distorted by the expectation of a general upward movement in prices'. The defeat of inflation in Britain and elsewhere in Europe would benefit British businesses enormously. Mr Lamont warned against putting this at risk by pumping up demand. He described the challenge before the Government as being to continue the supply-side reforms of the 1980s, rather than to provide an artificial short-term stimulus to the economy. Low tax and light government regulation had brought about an economic environment that had spurred competition and rewarded enterprise. Hence, the Budget would build on these themes to help people and businesses make the most of recovery.

The Chancellor described the high level of inward investment coming to Britain – almost half of direct investment made by the United States and Japan in the European Community – as a demonstration of the confi-

dence of foreign investors in Britain's renewed economic strength. Investors recognised that Britain had low taxes, good industrial relations and a stable currency, and was the right place from which to exploit the opportunities of the European single market.

**Monetary and Exchange Rate Policy**

Monetary policy, Mr Lamont continued, would be primarily directed at maintaining sterling's parity within the Exchange Rate Mechanism (ERM – see pp 445-6, 1991). Since joining the ERM in October 1990, sterling had remained within its permitted ERM bands. Interest rates had been reduced by 4·5 per cent and the differential between British and German interest rates was now at its lowest for a decade. Britain would in due course move to the narrow band of the ERM.

For the year ahead the Chancellor would continue the target range for M0, the narrow measure of money, of 0 to 4 per cent. This would be consistent with a further fall in inflation combined with a recovery in output.

**Public Finance and Fiscal Policy**

Balancing the budget over the medium term remained the objective of fiscal policy. There was nothing wrong with an increased level of borrowing during recession, provided that the underlying position was sound and the budget moved back towards balance as the economy recovered. The slowdown in the world economy over the last year had led to larger budget deficits in most industrialised countries, because during recession tax receipts were lower while social security spending was higher. Since Britain had a lower government debt burden than any other EC country except Luxembourg, a rise in borrowing would not jeopardise the Government's commitment to sound finance.

For the year to April 1992 the Chancellor expected a Public Sector Borrowing Requirement (PSBR) of a little under £14,000 million, or 2·25 per cent of GDP. The rise in the forecast since the Autumn Statement could be largely attributed to lower revenues as a result of recession rather than higher public spending. Planned public expenditure was likely to be just below the level set in the previous Budget. Mr Lamont forecast that, as the impact of the recession fed through, the PSBR would increase further in 1992-93 to about £28,000 million, 4·5 per cent of GDP.

However, Britain's borrowing requirement would be lower than Germany's, and less than half the level seen in Britain following the recession in the mid-1970s. The ratio of government debt to GDP would rise slightly in 1992-93 but Britain's debt burden would remain very low by international standards. As the economy recovered, the PSBR would move back towards balance and the debt burden would resume its downward trend.

During 1991-92 the borrowing requirement had been fully funded. In 1992-93 an increased amount would be funded through National Savings. A new product, a guaranteed growth bond designed to appeal to taxpayers, would be launched in the summer, the Chancellor announced.

**Conclusion**

Commending his Budget to the House, Mr Lamont described it as a Budget for recovery. The policies that had cut inflation and interest rates were being maintained and there were measures to help businesses. Taxes had been cut for every taxpayer in the country, which Mr Lamont described as a significant step in the Government's drive to leave individuals and families with more of their earnings. Over the past decade its belief in low taxation had brought unparalleled growth in the living standards of the British people, and the Budget measures would continue that process.

## OPPOSITION VIEWS

Replying to the Budget on 10 March (*Hansard*, Vol 205, No 79, cols 762-8), the Leader of the Opposition, Mr Neil Kinnock, described the Budget as an attempt 'to bribe voters with borrowed money which they will have to repay'. He asserted that 'borrowing money for tax cuts in this recession will not stimulate recovery in any significant or sustained way'. If the Chancellor believed that tax cuts were an effective means of promoting recovery, why had he not followed that policy earlier.

Because of government policies Britain was increasingly dependent on imports and still in recession. Public services were rundown

and poverty was spreading. The Budget would not put things right.

For the Liberal Democrats (*Hansard*, Vol 205, No 80, cols 888-92), Mr Alan Beith said on 11 March that it was not a Budget for recovery. He regarded the level of the PSBR and the absence of any significant tax concessions or additional investment spending as an admission by the Government that the recession was much worse and longer lasting than it had previously forecast. The lower taxation rate band proposal was an expensive way of helping the low paid; if there was no spare revenue for investment, it was not the time to introduce such a proposal.

# Employment

**The Government has set out its proposals for action to widen the opportunities and choices for people at work in a White Paper, *People, Jobs and Opportunity*, published on 11 February. The proposals include a new initiative to provide credits to people in the adult workforce and a number of changes to employment law to extend the rights of individuals.**

In a statement in the House of Commons (*Hansard*, Vol 203, No 59, cols 809-10), the Secretary of State for Employment, Mr Michael Howard, said that the White Paper[1] highlighted 'the momentous changes which are taking place in the nature and patterns of work'. It described the implications of the changes for the future direction of government policies and set out 'a new agenda for action designed to widen even further the opportunities and choices for people at work'. He was announcing an important new initiative to provide credits to those in the adult workforce. Individuals would be able to use the credits to purchase a 'skill check' whereby, with expert advice and guidance, they would be able to identify how to improve skills and map out future training and career options. 'By placing purchasing power in the hands of the people concerned, we shall transform their attitude to training and to the opportunities that are available to them.' His aim was to create 'ladders of opportunity' for everyone, making qualifications much more widely available: 'we must provide a framework within which individual achievement and national prosperity go hand in hand.'

## WHITE PAPER

### Patterns of Employment

The White Paper notes the rapid growth in employment in the second half of the 1980s. In spite of job losses in the current recession, there are over 2 million more people at work than in 1983. The main growth has been in the service sector, with an increase of 3·1 million jobs between 1983 and 1991, compared with losses of 700,000 in other sectors. The long-term trend to non-manual jobs at a higher level of skill has continued. The strongest growth has been in managerial and professional employment, with total employment reaching 8·5 million, or 32 per cent of the workforce, by 1990.

Working methods and patterns are changing. For example, businesses are increasingly contracting work out to specialist subcontractors to improve flexibility and efficiency. This has stimulated the strong growth in self-employment (see below). Part-time employment has increased, with 6·6 million people now working in this way, an increase of 34 per cent between 1983 and 1990. Britain is one of only three European Community countries where the proportion of part-time workers exceeds 20 per cent of the workforce. Increasing participation by women in the workforce has occurred, with the number of women in part-time jobs rising by 900,000 and in full-time jobs by 800,000 between 1984 and 1990. There is a greater proportion of women in work in Britain than in any other Community country except Denmark.

During the 1990s the main growth in the workforce is likely to be among women, while part-time work will continue to increase. Demographic trends will mean fewer young and more older people in the workforce. The White Paper says that the pattern of occupations is likely to alter significantly by the year 2000, requiring a general upgrading of skills. The main areas of growth are expected

[1] *People, Jobs and Opportunity*. Cm 1810. HMSO, £8·60. ISBN 0 10 118102 7.

to be in managerial, professional and associated jobs, while jobs for craft and skilled manual workers, plant and machine operatives and for unskilled labourers will continue to decline.

**Individual Rights and Freedoms**

The White Paper points out that Britain has a well-developed framework of legislation which regulates relations between employers and employees, and already provides many rights for individual employees.

The Government is proposing a number of changes in the law to reinforce the trend towards individual contracts of employment and to give greater prominence to training in the relationship between individuals and their employers.

*Extending Rights*

The Government intends to introduce legislation at an early date in three main areas:

**1** Individual terms and conditions of employment. This would include extending existing rights so that every employee working eight or more hours a week would be entitled to a written statement from their employer. The Government is also proposing that basic terms of employment (such as pay and hours of work) should be set out in the written statement, in line with its view that employees have a right to be notified individually about such basic conditions of employment.

**2** Training and employment contracts. This would include the right for employees working in firms with 20 or more employees to a note of the effect of their employer's training and development policy. In addition, the Government is inviting views on clarifying the law about enforcing training contracts which provide for an individual to work for a company for a period after training.

**3** The rights of trade union members. The Government is proposing a number of changes following the Green Paper *Industrial Relations in the 1990s* (see pp 310-12, 1991). It intends to amend the law to:

– give individuals greater freedom to belong to the trade union of their choice;

– protect union members against abuse of the arrangements for deducting union subscriptions from their pay;

– provide union members with more information about their union's financial affairs; and

– create a right for users of a public service to restrain the unlawful organisation of industrial action affecting such a service.

*Health and Safety at Work*

Britain has a very good record for protecting health and safety of the individual at work, and its law is in advance of that of most other industrialised countries. The Government will ensure that the legislation is kept up to date. For example, new legislation is being introduced on offshore safety (see p 76). It will also continue to play a leading role in the European Community in ensuring that workers enjoy high standards of health and safety.

*Flexible Working*

The White Paper notes that the Government has already abolished outdated regulations on working arrangements. It has encouraged a great variety of working arrangements in Britain. It will continue to oppose proposals from the European Commission seeking to regulate patterns of work and unnecessarily restrict flexible working arrangements and working hours.

*Equal Opportunities*

The Government is considering a number of proposals which have been put forward for changes in the law on sex discrimination. In addition, it is continuing to encourage equal opportunities, including:

– the announcement by the Secretary of State of a programme to help employers promote equal opportunity in the workplace;

– continued support for Opportunity 2000, launched by the Prime Minister in October 1991 (see pp 427-30, 1991);

– guidance on dealing with sexual harassment in employment [issued in March 1992]; and

– a proposal to establish an advisory group, chaired by a minister, to assist in encouraging good employment practice with regard to older workers.

**Skills**

The White Paper records government action to improve the opportunities for individuals

to obtain skills and qualifications. This includes:

– a guarantee of the offer of training to recognised qualifications for those school leavers aged 16 and 17 who cannot find jobs;

– the gradual introduction of training credits (see p 142, 1990, and p 227, 1991), the Government's aim being that by 1996 every young person aged 16 or 17 leaving full-time education will have the offer of a training credit;

– significant changes in the education system, as set out in three White Papers in 1991 (see pp 226-32, 1991);

– the reform of vocational qualifications; and

– tax relief made available for individual investment in skills, together with provision, in partnership with the banks, of career development loans to help people to pay for their own training.

The White Paper says that there are encouraging signs resulting from these changes, including more young people staying on in higher and further education and increasing recognition of the importance of good training. However, more needs to be achieved. Accordingly, the Government is planning action in four main areas:

**1** Improving information, advice and guidance. It proposes to launch, through the Training and Enterprise Councils (TECs) and Local Enterprise Companies (LECs), a new initiative which will develop effective local information, assessment and guidance services. Individuals will be offered credits to be used to buy the guidance and assessment services of their choice. The initiative is planned from April 1993 involving 15 TECs and LECs, with 250,000 people benefiting in 1993-94 and 1994-95. If credits prove successful, the Government intends to make them available across Great Britain.

**2** Improving access to opportunities – for example, on open and flexible learning, where government investment has made Britain a world leader.

**3** Establishing recognised standards and qualifications. The National Council for Vocational Qualifications is establishing a framework of National Vocational Qualifications (NVQs) in England, Wales and Northern Ireland, while equivalent Scottish Vocational Qualifications are being drawn up in Scotland. By the end of 1992 NVQs will cover 80 per cent of the working population, with coverage virtually complete by the end of 1994. To complement these qualifications, the Government launched in February 1991 a new National Record of Achievement (see pp 231-2, 1991).

**4** Helping people who want to develop their careers to pay for their training. Career development loans are being expanded significantly, with loans worth £60 million being available in 1993-94. TECs and LECs will be given flexibility to develop their own local loans packages, and the Government intends to explore the idea of individual training accounts. These would involve an individual and his or her employer jointly contributing to an account to build up funds for the individual to spend on training.

**Rewards and Incentives**

The White Paper notes a number of developments in the 1980s, including:

– a marked decline in the number of people whose pay is determined by national collective agreements, from 47 per cent in 1983 to 34 per cent in 1991;

– an increase in the number of companies negotiating pay on an individual basis with their employees;

– new forms of performance pay and other incentives, such as employee share ownership and profit-sharing; and

– a widening in skill differentials.

The Government welcomes these developments and the White Paper envisages that by the end of the 1990s there will be a further move away from collective agreements to 'a situation where the pay of the great majority of employed people will reflect their individual contributions at work'.

**Employee Involvement**

In the 1980s many of the barriers to effective employee involvement were removed, the White Paper notes. More employers were developing new ways of informing and consulting their workforces directly rather than through trade unions: 'employee involvement is one of the major success stories of UK

industry since 1980'. Many British organisations are among Europe's leading exponents of effective employee involvement.

The White Paper says that, unlike many other European Community states, legislation in Britain has never sought to impose a single, uniform structure for informing and consulting employees. The Government believes that attempts by the European Commission to impose a compulsory system of consultation and participation would be 'profoundly damaging'. They would jeopardise successful voluntary arrangements developed in Britain and would risk undermining firms' competitiveness and thus endanger jobs. Instead, the Government will continue to promote employee involvement by voluntary means and, within the Community, it has proposed an alternative approach.

One of the most effective ways of increasing employee commitment is by giving employees a stake in their company. The Government has encouraged this through providing opportunities for employees to acquire a stake when a publicly owned company is privatised and through a range of employee share ownership and profit-related pay schemes. Over 2·5 million employees have benefited from share schemes approved under the Finance Acts, and at the end of 1991, 581,000 employees were covered by profit-related pay schemes.

**Self-employment and Business Enterprise**

The Government has helped to promote a more favourable environment for business and the self-employed. The number of self-employed in Britain rose by 73 per cent between 1979 and 1990, to around 3·3 million.

The Government is ensuring that this progress will be reinforced in the 1990s, with the TECs and LECs playing a major role. It has five main priorities for further promoting and sustaining the growth of small businesses and self-employment:

– encouraging enterprise among young people;

– encouraging self-employment, for example, among previously under-represented groups, such as women and some ethnic minorities;

– maintaining a favourable business environment;

– offering a more coherent range of local services for small businesses; and

– exploring a wider range of sources of finance for small businesses.

**Help for People Seeking Work**

Helping unemployed people, particularly the long-term unemployed, to find a job will remain one of the Government's top priorities. It is providing 'more support than ever before to help unemployed people back to work as quickly as possible'. Places on government programmes will be available in 1992-93 to help almost 1 million people, over 100,000 more than in 1991-92. The range of help includes the new Employment Action programme, launched in October 1991 (see pp 275-6, 1991). As part of the Citizen's Charter initiative (see pp 293-300, 1991), the Employment Service of the Department of Employment has issued the Jobseeker's Charter, setting out the standards of service which those seeking work are entitled to expect from jobcentres and unemployment benefit offices.

**European Community**

The Government believes that the social dimension of the European Community 'must take account of the realities of employment patterns and practices in 12, often very different, member states and be based on the needs and aspirations of people'. The model for the social dimension most likely to benefit people at work is 'one based on a lightly regulated, flexible and decentralised approach'. The White Paper notes Britain's record on implementing social policy measures agreed by the Community: of the 18 directives introduced, Britain has implemented all and was the first member state to do so.

The Government welcomed the agreement on social affairs reached at the Maastricht Council in December 1991, under which the heads of Government agreed that the existing social chapter of the Treaty of Rome should remain unchanged (see p 10). Other member states considered that this did not go far enough to meet their own needs and entered into a separate agreement on social policy to be annexed to the Treaty. The White Paper

stresses that provisions of this agreement would have been damaging to Britain. It would have been 'highly damaging to the competitiveness of British industry and thus to the jobs of British employees' and could have 'removed the right of employees and employers to decide upon the working conditions that suit their particular circumstances'.

Britain will continue 'to play a positive and constructive role in discussions of all those measures which come forward under the existing Treaty'. Government priorities on employment and social affairs while holding the presidency of the Council of Ministers in the second half of 1992 (see pp 31-3) will include:

– the completion of the single European market;

– promotion of discussion of employment growth, enterprise and help for the unemployed, building on an initiative launched by Britain in October 1991;

– promotion of high standards of health and safety at work;

– help for those wishing to seek work in other member states; and

– progress on the review of the European Social Fund, with the aim of ensuring that it provides 'real assistance to those who are unemployed and particularly those who have been without work for some considerable time'.

## Energy Developments

**The Government has launched both a scheme to help small firms boost energy efficiency and a standard assessment procedure for home energy labelling. It is also to help train Russian energy managers in energy efficiency. Agreement has been reached for the sale of the electricity power stations in Northern Ireland. The fourteenth round of offshore licensing has been announced.**

**Government spending on renewable energy research, development and demonstration has reached £200 million. A new initiative aims to attract farmers to grow wood as fuel.**

### Energy Efficiency

*Energy Management Assistance Scheme*

On 26 February the Secretary of State for Energy, Mr John Wakeham, gave details of the Government's Energy Management Assistance Scheme, to start on 1 April, which will help companies with 500 employees or fewer to invest in energy efficiency. The budget is £13 million over three years.

Assistance will be limited to costs incurred by consultants hired by the client. Only one application may be made by an organisation during each financial year. There will be an upper limit on grants of £25,000 (excluding value added tax – VAT) for organisations employing between 300 and 500 people, £15,000 for organisations employing between 100 and 299 people, and £5,000 for organisations employing fewer than 100.

'Large organisations', Mr Wakeham said, 'have, on the whole, responded to the call to use energy more efficiently. Now is the time for smaller organisations to join the campaign. This scheme will provide up to 10 per cent of project costs for projects which could improve their energy efficiency by more than 10 per cent.'

*Home Energy Labelling*

On 2 March a standard assessment procedure for comparing home energy labels, designed by the Government's Building Research Establishment, was launched.

A home energy labelling certificate tells a householder how energy efficient his or her house is and generally contains advice about cost-effective measures which can be taken to improve a property's energy efficiency and cut fuel bills. There have hitherto been two home energy labelling schemes, run by the National Energy Foundation and MVM Starpoint. Both organisations have agreed to carry standard assessment procedure ratings on their labels, as well as their own ratings.

In his speech, Mr Tony Baldry, Parliamentary Under-Secretary of State for the Environment, said that making the home more energy efficient was the main aim of the campaign launched in 1991 (see p 458, 1991). 'We need to get the message across to every householder', he said, 'that the energy used in their own home adds more carbon dioxide to the atmosphere and increases the threat of

global warming. Energy labelling will make an important contribution.'

*Energy Co-operation between Britain and Russia*

A project to train Russian energy managers in energy efficiency was announced in Moscow on 6 March by Mr Wakeham. It will cost some £2 million and will be led by the March Consulting Group of Manchester. The Government's know-how fund (see p 13) will contribute half the cost. In energy the Fund is supporting the cost-effective exploitation of oil and gas in the area of the former Soviet Union and Baltic states, and the introduction of efficient energy practices – part of the process of gaining most benefit from the introduction of market forces into business and industry.

After signing a memorandum of understanding, which sets out how the Department of Energy and the Russian ministry can continue to develop co-operation, the Secretary of State gave further examples of such co-operation:

**1** The Department is advising on the revitalisation of Russia's energy economy.

**2** The Offshore Supplies Office is sending a technical delegation to western Siberia to discuss how British companies in the oil and gas sector could help by supplying spare parts and technical know-how.

**Northern Ireland Electricity**

In a statement in the House of Commons on 5 March (*Hansard*, Vol 205, No 76, written answers, cols 236-7) the Secretary of State for Northern Ireland, Mr Peter Brooke, said that agreement had been reached for the sale of Northern Ireland's four power stations (see pp 155-7 and 377, 1991). Ballylumford would be sold to British Gas for £132·4 million; Belfast West and Kilroot to Applied Energy Services/Tractebel, a United States-Belgian consortium, for £214 million; and Coolkeeragh to a management-employee team (MEBO) for £6·5 million.

The new electricity companies would be created on 1 April. Allowance would be made for further adjustments to the sale prices, if necessary, for a 15-month period until after the first year's trading had been completed and audited. One of the contract provisions allowed a period before completion during which the new owners could familiarise themselves with the operation of the stations.

The sale of Ballylumford, Mr Brooke said, would involve plans, subject to detailed undersea survey, for the construction by British Gas of a gas pipeline to Northern Ireland and the conversion of that station to gas firing. The European Community was contributing 90 million ECUs (European currency units) towards the costs.

Commenting on the plans, Mr Richard Needham, Parliamentary Under-Secretary of State for Northern Ireland, said that Northern Ireland would become linked to the Great Britain gas network. 'Not only', he continued, 'will we have access to a clean and cost-effective fuel for electricity generation, but there is the promise of an additional alternative fuel for industrial, commercial and domestic consumers in Northern Ireland in the years ahead.'

Arrangements for the flotation of the transmission and supply system in Northern Ireland are expected to be announced at a later date.

**Offshore Licensing**

The Government launched the fourteenth round of offshore oil and gas licensing on 5 March. Acreage in the round is to be announced in three stages, the second and third in July and November 1992. The stages are:

**1** All remaining unlicensed acreage in the main mature areas of the northern, central and southern North Sea which can be released;

**2** More speculative acreage on the margins of the main mature areas and outside the main areas, but in and around other areas which are currently licensed; and

**3** True frontier acreage, where it will take a long time to prove any finds and establish the economics for an infrastructure.

Applications for the first and second categories are returnable by 16 December and for the third by 9 March 1993.

In a statement in the House of Commons on 5 March (*Hansard*, Vol 205, No 76, written answers, cols 241-2) Mr Colin Moynihan, Parliamentary Under-Secretary of State for

Energy, said that the three categories would contribute to a continuing strategy for replacing United Kingdom Continental Shelf (UKCS) reserves, 'with the aim of ensuring that the UKCS remains a major oil province for at least another 25 years'.

### Renewable Sources of Energy

In a statement on 6 March that spending on the Government's renewable energy research, development and demonstration programme had reached £200 million, Mr Moynihan said that since 1979 over 750 renewable energy projects had been completed. Some 350 were in progress. The knowledge and expertise associated with these studies, he said, had put Britain in the forefront of the renewables industry. 'We lead the world in shoreline wave technology and are second only to the United States in the use of landfill gas for electricity generation.' He added that the amount of new generating capacity under the non-fossil fuel obligation (see p 424, 1991) that would have renewables as its source was now a potential 525 megawatts.[1]

#### *Wood as a Fuel*

Information on and training in the growing of wood as fuel are to be given on five farms in England. The Government's six-year wood as fuel strategy, costing £12 million, was launched in 1991. Among its tasks will be an examination of prospects for wood fuel production and use in Britain through the involvement of the forestry and farming communities.

Announcing the initiative, Mr Moynihan said that the energy implications of the success of the Government's wood strategy were considerable. Conventional forestry had a potential equivalent to 0·8 million tonnes of oil a year. Energy forestry using arable coppice (see p 215, 1991) could be equivalent to 6 million tonnes of oil a year. In 1991 fuel values this strategy could be worth about £700 million a year. Farmers, he said, had an opportunity 'to learn about the planting of arable energy coppice and its potential as an alternative to cereal and milk production'.

[1] 1 megawatt = 1,000 kilowatts

## Offshore Safety Act

**The Offshore Safety Bill, which enables major recommendations of Lord Cullen's report into the Piper Alpha disaster to be implemented, received the Royal Assent on 6 March.**

### Recent Developments

**1** In April 1991 transfer of responsibility for offshore safety from the Department of Energy to the Health and Safety Commission (HSC) and the Health and Safety Executive (HSE – see p 160, 1991) took place on the basis of extra staff and resources for the enforcement of offshore safety legislation. The Government has allocated £20 million for offshore safety for 1991-92, £8 million more than in the previous year. The budget is expected to rise to £35 million by 1994-95.

The increase in resources is expected to allow for a fourfold increase in the number of HSE staff working on offshore safety. The HSE aims to recruit new staff as quickly as the time constraints imposed by full training in special inspection techniques will allow.

**2** A revised code of practice on standby vessels was published by the HSE and the Department of Transport in July 1991. It incorporates improvements in design and provision of equipment as recommended by Lord Cullen.

**3** Many of the 106 recommendations of the Cullen report (see pp 430-2, 1990) require action from the offshore industry – for example, the preparation of an evacuation, escape and rescue analysis for each installation. The HSE is monitoring progress.

### Provisions of the Act

Clause 1 of the Act allows existing offshore safety legislation to be replaced progressively by new regulations made under the Health and Safety at Work etc. Act 1974. Clause 2 extends the present Act to cover the safety of onshore pipelines and the prevention of damage to such pipelines; and the protection of the public from the dangers of the transmission and use of gas. Clause 3 removes responsibility for safety matters from the Secretary of State for Energy when exercising his licensing functions. This change will come into effect only when the Secretary of State

for Employment considers that the new safety regulations are ready to be implemented. The main provisions in Clause 4 raise the maximum penalties in two categories of offence onshore or offshore:
– those offences which show a failure to manage health and safety adequately; and
– those which show a failure to comply with an improvement or prohibition notice.

Penalties include raising the maximum fine in a magistrates' court from £2,000 to £20,000 and, in a Crown court, for the second category, to an unlimited fine or two years' imprisonment, or both.

Clause 5 enables the Home Secretary to ensure that operators of offshore and onshore installations maintain security. The Act applies to Great Britain (Clause 7), but Clause 6 allows for the extension of the provisions of the Act to Northern Ireland.

**Parliamentary Debate**

The Bill received an unopposed second reading in the House of Commons on 10 February (*Hansard*, Vol 203, No 58, cols 679-730).

Introducing the Bill, the Secretary of State for Employment, Mr Michael Howard, said that the fact that the Government had immediately accepted all 106 recommendations in Lord Cullen's report reflected the seriousness with which it was taken. The offshore industry had also accepted the report in its entirety. It was neither desirable nor practicable, Mr Howard said, to use the Bill to implement all the recommendations. Many should be introduced by regulations rather than primary legislation.

The recommendations for reform of existing offshore legislation, he continued, required study and consultation. The HSC would be responsible for developing reforms of health and safety law. Other recommendations – for example, the standby vessel code – did not require any form of legislation. In addition, the United Kingdom Offshore Operators Association had issued revised guidance on offshore emergency training, while the HSC had published guidance on work permit systems.

In other cases, the Secretary of State said, more information was needed before the Government could decide how best to implement Lord Cullen's recommendations. Further research was necessary – for example, how best to minimise the pipeline connections to platforms.

A review of the Offshore Installations (Safety Representatives and Safety Committees) Regulations 1989 was in progress. When it was complete, Mr Howard said, Lord Cullen's recommendation that these regulations should be modified so that training of safety representatives should be determined and paid for by the operator would be implemented. 'Where specific proposals are not being implemented at once', he concluded, 'it is for good and valid reasons. Our priority is to set in hand, as soon as possible, the major safety improvements recommended by Lord Cullen.'

## Shorter Note

### FISHERIES

In a statement in the House of Commons on 27 February the Minister of Agriculture, Fisheries and Food, Mr John Gummer, announced further measures to reduce fishing effort up to 1996 (see pp 421-2, 1991). There would, he said, be a freeze in 1993, to hold fishing activity at its 1991 level. This would be followed in 1994-96 by arrangements for the reduction of entitlements to days at sea as far as was necessary to achieve the overall target.

The Government intended to have the control arrangements in place for 1993. A decommissioning scheme would aim to reduce activity and would operate over two years, with provision for expenditure of up to £25 million. No decommissioning payments would be committed until control and reduction measures were ready. Among other measures, restrictive licensing would be extended in 1993 to vessels 10 metres and below in length so that this sector of the fleet could not expand further.

'Fishing effort in Europe', Mr Gummer said, 'exceeds what the stocks can at present withstand. Some commercially important species are under severe pressure. Significant steps have already been taken at Community and national level. ... But more than this is needed if our conservation policies are to be fully effective.'

Source: *Hansard*, Vol 204, No 71, written answers, cols 612-14.

# Environmental, Social and Cultural Affairs

## Wildlife and Countryside Conservation

**Britain has successfully called for the current ban on international trade in products from rhinoceroses, cheetahs and leopards to be continued, and has pledged a further $1 million to elephant conservation in Africa. The Government has also announced a £45 million package of new measures to protect and improve the countryside. Other initiatives to protect wildlife or the countryside include controls on the introduction of non-native species, new measures to protect wild birds in trade, the extension of the marine consultation area scheme and action to help barn owls.**

### Convention on International Trade in Endangered Species

The eighth conference of the Convention on International Trade in Endangered Species (CITES) took place in Kyoto, Japan, from 2 to 13 March. The British delegation was headed by Mr Tony Baldry, Parliamentary Under-Secretary of State at the Department of the Environment. Before the meeting, the minister said that other countries had put forward proposals that would allow a resumption in trade in some of the world's rarest animals. Britain was firmly opposed to encouraging further international trade in products from rhinoceroses, cheetahs and leopards: 'we will be urging our European partners and other parties to CITES to take the same firm position ... to safeguard some of the world's most endangered species'.

At the meeting, proposals by five Southern African countries to downgrade some populations of African elephants from Appendix I to Appendix II, which would have lifted the total trade ban and allowed controlled trade, were withdrawn. Britain welcomed this move, and pledged a further $1 million to elephant conservation in Africa. Mr Baldry said that the ban imposed in 1989 (see p 438, 1989) had been highly effective: 'the price of ivory has plummeted and poaching in some areas has virtually ceased'. An illegal trade in Southern Africa, however, was continuing. Britain understood the pressures which poverty and growing populations placed on some countries, and the burden of conserving the elephant should not fall on those countries alone. Similar proposals to downgrade populations of rhinoceroses, cheetahs and leopards were also withdrawn.

Britain also played a leading role in moves to impose new curbs on trade in wildlife, particularly the trade in wild birds. The measures agreed will:

– improve consultation with exporting countries where doubts exist about the sustainability of trade in particular species;

– establish machinery for stringent action, such as trade bans, on trade being conducted at unsustainable levels;

– provide for the suspension of trade in bird species subject to high mortality in transport; and

– improve the provision of scientific information about the mortality of wild-caught birds.

Mr Baldry said that CITES should be concerned not only with threats to the survival of species, but also by the treatment of individual animals.

### Action for the Countryside

On 27 February the Secretary of State for the Environment, Mr Michael Heseltine, announced the publication of a new policy

document, *Action for the Countryside*.[1] He also unveiled a £45 million package of new measures to conserve and improve the countryside. These included:

– draft government guidance for local authorities on development policies consistent with nature conservation (see p 80 below);

– draft guidance on preparing strategies for the creation of new forests and woodlands;

– a pilot scheme in selected rural areas to stimulate the ecomony and deal with problems arising from agricultural change;

– a scheme to encourage improved management of valued hedgerows;

– an initiative to assist in improving the rights of way network;

– a scheme to promote wildlife conservation by paying for positive management of sites of special scientific interest;

– a programme to enhance the abundance and distribution of scarce and vulnerable species;

– a scheme to assist parish-level action to improve the environment; and

– increased financial incentives to encourage the planting of woodland on farms.

The Secretary of State said that *Action for the Countryside* provided an updated summary of government policies. It set out a co-ordinated approach to conservation and development, and a strengthened approach to giving assistance where it was most needed. There should be a shift in emphasis away from retaining land in agricultural production towards protecting wildlife habitats and developing the rural economy, a process made easier by new technologies and cleaner manufacturing processes.

The Government was committed to continuing to further improve its policies for the countryside, but action had to be widespread: 'we are providing a framework for action but responsibility rests with everyone, individually and as members of the many bodies and organisations which have an interest in countryside issues. I hope that *Action for the Countryside* will inspire people to take up the challenge.'

[1] *Action for the Countryside*. Available free from the Department of the Environment, PO Box 135, Bradford BD9 4HU, or by faxed request to 0274-530130.

**Other Government Measures**

Several other government measures to improve conservation have been announced.

*Barn Owls*

Measures to protect the barn owl were announced on 24 February. Mr David Trippier, Minister of State at the Department of the Environment, said that barn owl numbers were declining, principally due to loss of habitat. Many people had been breeding them in captivity and releasing them in the hope of boosting the wild population. However, many of these birds were dying within a short time, because some schemes had given little thought to their needs once in the wild. The Department of the Environment had therefore formed a working group with concerned organisations. Mr Trippier said that the Government had accepted the advice of this group, and intended to make it illegal to release barn owls without a licence. Licensed release schemes would be monitored to assess their effectiveness. Guidance would also be issued to increase awareness of the needs of barn owls and the difficulties involved in reintroduction schemes.

*Introduction of Non-Native Species*

Additional controls on the introduction of non-native species were announced by Mr Trippier on 25 February. The Minister said that, following consultation with the Government's nature conservation bodies, it had been decided to add an additional seven species of animals and several species of plants to the relevant schedule of the Wildlife and Countryside Act 1981.

This schedule previously contained 42 species of animals and 4 species of plants; it is illegal to release these or allow them to grow in the wild without a licence.

*Marine Consultation Areas Scheme*

A proposal to extend the Marine Consultation Areas scheme beyond Scotland was announced by Mr Trippier on 26 February. A government consultation paper proposes the designation of 16 sites in England and Wales as Marine Consultation Areas, and sets out draft guidelines of procedures to be adopted in relation to them. Mr Trippier said that all bodies taking decisions that might affect the

conservation interest of the listed sites were being asked to consult English Nature or the Countryside Council for Wales at the earliest feasible stage. Any advice given by the conservation agencies should be given due weight by decision-makers, and the conservation agencies should be informed of decisions taken. The scheme would be monitored by the Joint Nature Conservation Committee, and annual reports would be made available to the public. The existing statutory Marine Nature Reserves had played an important role, but there was a legitimate conservation interest beyond them. 'The sea itself cannot be fenced off, and effective protection of areas of marine conservation interest requires voluntary co-operation from a wide range of sea users.'

*Nature Conservation Guidance*

The new draft planning policy guidance on nature conservation referred to by Mr Heseltine in the launch of *Action for the Countryside* was issued on 27 February. The guidance sets out the ways in which government policies on conservation of the natural heritage should be reflected in land use planning. It says that with careful planning and control, development and conservation can be compatible. The draft policy planning guidance note will, when finalised, form part of a series setting out national planning policy on a range of land use issues. Local authorities are expected to take the advice into account when drawing up development plans and in making development control decisions.

*Protection of Wild Birds in Trade*

New British measures to protect wild birds in trade were announced by Mr Baldry on 27 February prior to the CITES meeting. Mr Baldry said that bird-keeping was a legitimate activity that gave pleasure to many. However, too many birds were transported around the world in poor conditions, and some of the trade in wild birds was being conducted in a 'barbarous and inhumane' way. The Government would stop this, and in particular would:

– press the International Air Transport Association to set worldwide limits on shipment sizes, failing which Britain would introduce its own stricter limits;

– introduce new checks on all imports into Britain of animals which may be threatened by trade;

– improve enforcement of existing transport conditions;

– apply stricter conditions to imports where appropriate;

– press for restrictions on trade in particular species between particular countries if numbers dying were excessive;

– press for worldwide bans on imports wherever there were sound scientific reasons for supposing that trade might be harmful to the survival of particular species populations; and

– introduce stricter requirements for the care and housing of live animals which may be threatened by trade.

## Educational Standards in England

**Overall progress in the English education system is recorded by the 1990-91 annual report of the Senior Chief Inspector for Schools.**

During this period, Her Majesty's Inspectorate inspected some 7,000 institutions and observed over 50,000 lessons. Of the sessions inspected in primary schools, 70 per cent were satisfactory or better. In secondary schools, work was satisfactory or better in 73 per cent of lessons; for 16- to 19-year-olds it was 82 per cent. Work judged to be satisfactory or better was 90 per cent in further education, 85 per cent in initial teacher education, 89 per cent for higher education and 86 per cent for adult education.

The report[1] records a number of improvements arising from recent changes in the education system. These include:

– higher average grades in school examinations and on vocational and degree courses;

[1] *Education in England 1990-91: The Annual Report of HM Senior Chief Inspector of Schools.* Available free from Department of Education and Science, Publications Despatch Centre, Government Buildings, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.

– higher participation rates in post-16 education and in degree and other advanced courses;

– a reduction in teacher vacancies; and

– continued improvement in the provision of accommodation, equipment and materials.

**Primary Education**

The report says that teachers worked hard to implement the new National Curriculum (see pp 40-2, 1991) and that pupils in most schools studied a wider curriculum than before.

In English 80 per cent of work on reading was satisfactory or better. More attention was being paid to spelling and handwriting, although the marking of written work needed to be more thorough.

For mathematics a broader subject matter was being taught, but more work was necessary to ensure that, by the age of 7, the vast majority of pupils had a firm grasp of addition and subtraction and were able to use them to solve simple everyday problems. On science teaching, the report says that many primary teachers were extending their own knowledge and improving the balance between physics and biology work in favour of the former. In addition, science had improved from its weak base prior to the introduction of the National Curriculum. About two-thirds of work in technology was satisfactory or better and many more pupils were using information technology (see pp 324-5, 1991) on a regular basis. Teachers concentrated on word processing and on the use of computer programmes for practising basic skills.

History and, to a lesser extent, geography were being reviewed and given a higher profile in most schools.

The report points out that standards in nursery schools continued to be good and in nursery classes satisfactory.

**Secondary Education**

Overall standards in English and in technology were satisfactory or better in 70 per cent of the lessons seen. There was steady growth in the availability and use of information technology, which contributed effectively to pupils' learning.

The report points out that some good work was observed in health education, careers education and guidance, information technology and work experience, which promoted the understanding of economic and industrial issues.

On assessment, the report says that schools should have coherent and comprehensive policies which can be translated into effective practice.

The level and quality of resources in state-maintained schools were generally adequate and continued to improve as funding for the implementation of the National Curriculum was made available. Standards in library provision were improving and were satisfactory or better in just over half of schools. However, science equipment and textbooks were inadequate in a fifth of schools inspected.

Commenting on standards in independent fee-paying schools, the report says that some achieved the highest standards found in the country, while others offered unacceptably poor provision – a standard well below that generally found in the state-maintained sector. Some 75 per cent of lessons observed were satisfactory or better.

The report notes that grant-maintained schools financed directly by the Government are a firmly established part of educational provision. Standards of work were rather higher than in publicly maintained schools as a whole. Many of the grant-maintained schools were able to improve the quality and extent of their accommodation.

Turning to the seven city technology colleges operating in 1990-91, the report says that all of them made a sound start and that overall standards of provision were good.

**Post-16 Education**

In September 1990 the percentage of 16-year-olds continuing their education was 73·4 per cent, with 60 per cent on full-time and 13·4 per cent on part-time courses. The proportion of students who chose to continue post-16 education for a full two years rose to nearly 43 per cent, a rise of nearly 10 per cent since 1987. In both schools and colleges, satisfactory levels of achievement in public examinations were maintained. Much work for the Advanced level of the General Certificate of Education continued to be challenging and

of high quality. The quality of practical work in many vocational areas was often high.

On teacher training, the report points out that courses were being revised to meet the needs of the National Curriculum and that there was a great deal to fit into the time available. The best work in primary and secondary training continued to link academic work closely to practice. A large proportion of a student's time was spent in schools. Eighty per cent of the accommodation used in initial teacher training was satisfactory or better; staff were well-qualified academically and professionally.

The report says that the quality of teaching and learning in adult education was high; some 86 per cent of classes were satisfactory or better, including 47 per cent that were very good.

## National Lottery

**The Government's proposals for a national lottery were set out in a White Paper, published on 6 March.**

In a statement in the House of Commons (*Hansard*, Vol 205, No 77, cols 563-4), the Home Secretary, Mr Kenneth Baker, said that every other country in Europe had a national lottery and in the years ahead it would become increasingly difficult to prevent sales of tickets in Britain. Other countries had long used the proceeds to fund a wide range of projects which improved the quality of life of their people. In Britain a national lottery could be in operation by 1994. Once fully developed, it could raise up to £1,000 million a year for the arts, sport, heritage and charities.

### WHITE PAPER

#### Background

The White Paper[1] notes that the first national lottery in Britain was run in 1569 and it became an annual event from the mid-eighteenth century until the last such lottery ceased in 1826. Interest in a new lottery has been expressed periodically since then, most recently in a report of the Royal Commission on Gambling in 1978 (see p 311, 1978).

At present a society or local authority may promote a lottery. The largest public lotteries are promoted quarterly with turnover of £180,000 and a maximum single prize of £12,000. The maximum price of a ticket is £1. The Lotteries and Amusements Act 1976 stipulates that no more than 50 per cent of the proceeds may be used for prizes and that a maximum of 25 per cent may be used for expenses. This ensures that at least 25 per cent of the proceeds goes to the charitable, sporting, cultural or other good cause for which the lottery was promoted. Slightly different arrangements apply in Northern Ireland.

#### Proposals

The Government accepts the approach recommended by the Royal Commission on Gambling that the best way forward is to promote a single national lottery. The advantages of this, as quoted in the White Paper, are:

– ensuring large prizes which would capture wide public interest;

– maximising the potential funds which would be raised for good causes;

– minimising regulatory problems;

– reducing the potential for fraud and criminal involvement; and

– being less likely to encourage undesirable forms of advertising.

Legislation would be required for the lottery. A period of 18 months would then be needed to allow time to select the operators and to prepare for the launch. An independent National Lottery Board would be established to organise the lottery, and distribute the proceeds and prizes. Day-to-day operation and management of the lottery would be undertaken by private sector contractors. Once the lottery had become established, the White Paper envisages that about a third of the proceeds might be available for good causes, about 15 per cent for expenses and the remainder for prizes. No advantage is seen in setting a limit on the maximum prize.

[1] A *National Lottery Raising Money for Good Causes*. Cm 1861. HMSO, £3·80. ISBN 0 10 118612 6.

*Beneficiaries*

The Government considers that the arts, sport (including major international events), heritage and charities should benefit from the national lottery. It would wish to see part of the proceeds used for projects of lasting benefit to the national heritage, such as cathedrals and museums. However, it believes that proceeds should not be directed towards the main areas of public expenditure and that 'it would be inappropriate for the lottery to be seen as a way of funding the National Health Service, education or similar major programmes'. Nevertheless, it has no objection in principle to including among the beneficiaries charities operating in the health and educational areas.

**Consultation**

The Government is inviting views on the proposals by 1 June 1992. Among the issues on which it is seeking comments are:

– the nature and frequency of the lottery;

– arrangements for sales, while maintaining the existing prohibition on the sale of lottery tickets to people aged under 16;

– the effect on football pools and other forms of gambling;

– the impact on charities which might lose income from existing small lotteries and from charitable donations; and

– arrangements for distribution of lottery proceeds.

# Shorter Notes

## OZONE LAYER

The Government has urged the European Community to take a stronger line on early cuts and phasing out of chlorofluorocarbons (CFCs) and other ozone-depleting substances. Britain has announced that it will end the production of CFCs by the end of 1995.

Britain and many other countries have agreed to end the production of ozone-depleting substances under the Montreal Protocol. At a meeting of the Protocol parties held in June 1990 (see pp 256-8, 1990) it was agreed to phase out the production of CFCs by the year 2000. In December 1990 the European Community agreed to phase out CFC production and use by mid-1997 (see pp 36-7, 1991). Britain pressed for stricter deadlines, and at the European Community Environment Council in December 1991 proposed the phasing out of CFCs, methyl chloroform and carbon tetrachloride by the end of 1995 and halons by the end of 1994. The Government also proposed an intermediate cut of 85 per cent for CFCs and carbon tetrachloride by the end of 1993, using 1986 levels as a baseline for CFCs and 1989 levels for carbon tetrachloride.

On 14 February the Secretary of State for the Environment, Mr Michael Heseltine, wrote to the president of the Environment Council, the Portuguese minister Mr Carlos Borrego, urging that the Community agree a stronger line in advance of the meeting of the Montreal Protocol parties in April 1992. Mr Heseltine said that the latest scientific information showed that the stratospheric ozone layer over northern regions contained abnormal amounts of the chemicals responsible for ozone depletion. Britain's proposals of December 1991 should therefore be regarded as a minimum, and further improvements should be discussed. There should also be tight controls on hydrochlorofluorocarbons (HCFCs – transitional substances that are considerably less damaging to the ozone layer than CFCs). HCFCs should be phased out early in the twenty-first century, and be subject to a limit on overall consumption, as had recently been recommended by a working group of the European Commission.

Commenting on his letter, the Secretary of State said that Britain was committed to the phasing out of CFCs by the end of 1995. Both British producers would cease production of CFCs, carbon tetrachloride and methyl chloroform no later than that date, and user industries had accepted that as a target. British consumption of CFCs had fallen by 50 per cent between 1986 and 1989, ahead of any other country in the European Community and possibly in the world.

Source: Department of the Environment news releases, 14.2.92 and 24.2.92.

## THEATRES RESTORATION FUND

A new fund to help historic and other theatres with essential renovations and repairs was announced by the Minister of the Arts, Mr Timothy Renton, on 17 February. The Theatres Restoration Fund will focus on backstage projects, such as rewiring, plumbing and roof repairs, or improvements to dressing rooms, orchestra pits or rehearsal rooms, for which no other funds have been or are likely to be obtained. Awards would not normally be made towards construction of buildings or external fabric.

The Fund is a joint initiative between the Government and the Wolfson Foundation and Family Charitable Trust (private charities supporting scientific and medical research and higher education). It will be set up for three years from 1 April with £1 million of government funds in the first year, rising to a maximum of £2 million for each of the second and third years, provided that matching funds can be found from charitable and other sources. The Wolfson charities will contribute £1 million in each of the first two years.

The Fund is modelled on the Museums and Galleries Improvement Fund (see p 151, 1990), also supported by the Wolfson charities. A committee is being set up to manage the Fund and to recommend which projects should be supported.

Source: Office of Arts and Libraries news release, 17.2.92.

## OLYMPIC BID BY MANCHESTER

The Government's support for Manchester's bid for the Olympics for the year 2000 was announced by the Prime Minister, Mr John Major, on 26 February. Mr Major said that the Government would commit £55 million to the bid.

Some £53 million would be allocated to the provision of facilities in advance of the nomination to the International Olympic Committee, due in 1993. In addition, the Government would provide £2 million to support the bid, matching money being provided by the private sector. It would also give full ministerial and diplomatic support, both in Britain and overseas. If the bid were successful, the Government would also contribute to the provision of facilities needed for the Olympic Games.

Mr Major said that the bid should not be looked at in isolation. The aim was not only to win the Games, but to use them to spearhead the regeneration of east Manchester. 'We will now work urgently with Manchester City Council to identify how the full range of government programmes can be brought to bear for the regeneration of the area and the best arrangements for securing delivery of this and of the Olympics facilities themselves.'

Manchester was selected as the Olympic bid by the British Olympic Association in 1991 against a bid by London. The three major new facilities envisaged would comprise:

– a £100 million stadium – the first international stadium built in Britain since 1923 – with an initial seating capacity of 60,000, capable of being increased to 80,000 for the Olympic Games;

– a £40 million indoor arena, with a seating capacity of 12,000, which could be increased to 20,000 for the Games; and

– Britain's first covered velodrome, which would seat 3,500 and cost £9 million.

Some 30 venues would be needed to stage the Games; 14 already exist. Venues would be spread across the North West, including the cities of Liverpool and Chester.

Sources: Prime Minister's Office news release, 26.2.92; Manchester Olympic Games Executive Committee Ltd news release, 3.3.92.

# Documentation

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*Small Firms in Britain Report 1992.* Department of Employment. Sets out government policies towards small firms and brings together facts and figures about this sector. It describes the wide range of services available to small businesses from both the public and private sectors as well as the major role played by Training and Enterprise Councils and Local Enterprise Companies in helping small firms. HMSO, £4·50, ISBN 0 11 361325 3.

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*Commodity Markets in the 1990s: Cereals.* Government response to the First Report from the House of Commons Agriculture Committee (see p 25), Session 1991-92. HMSO, £1·45. ISBN 0 10 227892 X.

*Food Contamination: Protecting People.* Booklet explaining how emergency orders are made under Part 1 of the Food and Environment Protection Act 1985 to prevent people being exposed to contaminated food. Available from Emergencies and Food Protection Division, Ministry of Agriculture, Fisheries and Food, Room 17, Whitehall Place East, London SW1A 2HH.

*Pesticides 1992: Pesticides approved under the Control of Pesticides Regulations 1986.* Ministry of Agriculture, Fisheries and Food and Health and Safety Executive. HMSO, £13·50. ISBN 0 11 242924 6.

*Energy for the 1990s and Beyond.* An energy strategy for Northern Ireland, with four objectives: energy efficiency and clean production and use of energy; lower costs and protection of consumer interests; diversification of supply; security of supply. Available from Department of Economic Development for Northern Ireland, Netherleigh, Massey Avenue, Belfast BT4 2JP.

*Clean Coal Technology and the Coal Market after 1993. Further Government Observations on the Fifth Report of the House of Commons Energy Committee, Session 1991-92* (see p 26). Third Special Report of the House of Commons Energy Committee. HMSO, £3·40. ISBN 0 10 221092 6.

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*Department of the Environment: Sale of the Water Authorities in England and Wales.* National Audit Office. HMSO, £8·60. ISBN 0 10 225692 6.

*Cross-Solent Ferries: a Report on the Existence or the Possible Existence of a Monopoly Situation in Relation to the Supply of Ferry Services between the Isle of Wight and the Mainland of England.* Monopolies and Mergers Commission. Cm 1825. HMSO, £13·55. ISBN 0 10 118252 X.

## Environmental, Social and Cultural Affairs

*Development Plans and Regional Guidance.* Department of the Environment planning policy guidance PPG 12. HMSO, £8. ISBN 0 11 752586 3.

*Green Rights and Responsibilities: a Citizen's Guide to the Environment.* Available free from the Department of the Environment, Room A1.27, Romney House, 43 Marsham Street, London SW1P 3PY.

*Parish and Town Councils in England: A Survey.* Department of the Environment. HMSO, £9. ISBN 0 11 752592 8.

*Her Majesty's Inspectorate of Pollution Fourth Annual Report 1990-91.* HMSO, £16·50. ISBN 0 11 752519 7.

*Radioactive Waste Management Advisory Committee Twelfth Annual Report.* HMSO, £15·50. ISBN 0 11 752525 1.

*Prison Statistics England and Wales 1990.* Cm 1800. HMSO, £15·85. ISBN 0 10 118002 0.

*Reforming Britain's National Health Service.* FCO booklet, No PU91/038.

*Education in Britain.* FCO booklet, No PU91/574.

*Education Statistics for the United Kingdom 1991 Edition.* HMSO, £12·95. ISBN 0 11 270785 8.

*Non-Teaching Staff in Schools.* A review of Her Majesty's Inspectorate describing and evaluating some of the work undertaken by non-teaching staff in schools in support of teachers. HMSO, £3·50. ISBN 0 11 270788 2.

*School Teachers' Pay and Conditions Document 1992.* HMSO, £4·95. ISBN 0 11 270798 X.

*A National Lottery Raising Money for Good Causes* (see p 82). Cm 1861. HMSO, £3·80. ISBN 0 10 118612 6.

# Further Information Points

Ministry of Agriculture, Fisheries and Food, 3 Whitehall Place, London SW1A 2HH.

Central Office of Information, Hercules Road, London SE1 7DU.

Central Statistical Office, Government Offices, Great George Street, London SW1P 3AQ.

HM Customs and Excise, New King's Beam House, 22 Upper Ground, London SE1 9PJ.

Ministry of Defence, Main Building, Whitehall, London SW1A 2HB.

Department of Education and Science, Sanctuary Buildings, Great Smith Street, London SW1P 3BT.

Department of Employment, Caxton House, Tothill Street, London SW1H 9NF.

Department of Energy, 1 Palace Street, London SW1E 5HE.

Department of the Environment, 2 Marsham Street, London SW1P 3EB.

Foreign & Commonwealth Office, King Charles Street, London SW1A 2AH.

Department of Health, Richmond House, 79 Whitehall, London SW1A 2NS.

Home Office, Queen Anne's Gate, London SW1H 9AT.

Board of Inland Revenue, Somerset House, London WC2R 1LB.

Office of the Minister for the Civil Service, Government Offices, Horse Guards Road, London SW1P 3AL.

Northern Ireland Information Service, Stormont Castle, Belfast BT4 3ST.

Overseas Development Administration, 94 Victoria Street, London SW1E 5JL.

Scottish Information Office, New St Andrew's House, Edinburgh EH1 3TD.

Department of Social Security, Richmond House, 79 Whitehall, London SW1A 2NS.

Department of Trade and Industry, Ashdown House, 123 Victoria Street, London SW1E 6RB.

Department of Transport, 2 Marsham Street, London SW1P 3EB.

HM Treasury, Parliament Street, London SW1P 3AG.

Welsh Office, Cathays Park, Cardiff CF1 3NQ.

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